

1 THE COURT: All right.

2 MS. HUGHEY: Hello, Your Honor. May it
3 please the Court. Lawson moves for judgment as a
4 matter of law on the issue of invalidity because a
5 reasonable jury does not have a reasonable evidentiary
6 basis to find for ePlus on the issue.

7 At trial documents demonstrated and witnesses
8 testified --

9 THE COURT: Now, there are three grounds of
10 invalidity. One is anticipation.

11 MS. HUGHEY: Correct.

12 THE COURT: One is obviousness.

13 MS. HUGHEY: Correct.

14 THE COURT: And the other is written
15 description.

16 MS. HUGHEY: No, Your Honor, Lawson is not
17 asserting written description.

18 THE COURT: That was there at one time.

19 MS. HUGHEY: Correct.

20 THE COURT: That's no longer there. So I
21 don't need to deal with that one.

22 MS. HUGHEY: Correct.

23 THE COURT: So you have anticipation and
24 obviousness.

25 MS. HUGHEY: Correct, Your Honor. At trial

1 the documents demonstrated and the witnesses testified
2 regarding the features and functionality of the prior
3 art RIMS system disclosed in the '989 patent.

4 THE COURT: Let's take the anticipation.
5 What is it that anticipates?

6 MS. HUGHEY: The RIMS system alone
7 anticipates every single claim of the patents-in-suit.

8 THE COURT: All right.

9 MS. HUGHEY: In combination, the RIMS system
10 and the TV/2 product render every single one of the
11 claims of the patents-in-suit obvious.

12 Dr. Shamos went through every single claim
13 and explained both the anticipation and obviousness
14 analysis. The evidence at trial further demonstrated
15 that both systems are prior art.

16 The combination of RIMS plus TV/2 renders
17 every single asserted claim of the patents-in-suit
18 obvious. The preferred embodiment disclosed in the
19 patents is the combination of RIMS plus TV/2 and the
20 Court's construction is consistent with that.

21 The TV/2 literature specifically says to
22 combine TV/2 with the parts ordering system and
23 inventory management system. The RIMS system
24 disclosed in the '989 patent was a part ordering and
25 inventory management system.

1 The patents-in-suit do no more than combine
2 the RIMS system with TV/2. This is an obvious
3 combination that renders the claims invalid.

4 In addition, there are no secondary
5 considerations of non-obviousness.

6 THE COURT: There aren't any?

7 MS. HUGHEY: There are not any.

8 THE COURT: I thought we had evidence on it.

9 MS. HUGHEY: I think that ePlus attempted to
10 provide some evidence about commercial success of its
11 commercial products, but there's no evidence that the
12 commercial products are claimed by the
13 patents-in-suit.

14 THE COURT: Well, Mr. Farber testified that
15 they were yesterday afternoon, didn't he?

16 MS. HUGHEY: Mr. Farber is not a technical
17 expert. He said it was his opinion they were covered
18 by the patents-in-suit, but no evidence has come in
19 regarding the features and functionality of ePlus'
20 commercial products.

21 THE COURT: In your evidence, didn't you
22 introduce evidence that or didn't -- I don't know who.
23 Let me back away from that.

24 MS. HUGHEY: Yes, Your Honor.

25 THE COURT: There's some brochures about

1 these e -- is it eContent and --

2 MR. ROBERTSON: Content+ and Procure+.

3 THE COURT: They put the patent down there on
4 the bottom of the thing.

5 MS. HUGHEY: The fact that ePlus marks its
6 product with a patent does not mean that the product
7 is actually covered by the patents-in-suit.

8 THE COURT: I know that, but isn't that
9 evidence that it is?

10 MS. HUGHEY: No, Your Honor, because even if
11 ePlus' products --

12 THE COURT: Just so I understand, you have to
13 have a technical expert come in and say the
14 products -- what are they again? Content+ --

15 MS. HUGHEY: Content+ and Procure+.

16 THE COURT: Procure+ practiced the patent.
17 Don't you have to have an expert come in and say that?

18 MS. HUGHEY: I'm not sure that you need to
19 have an expert, Your Honor, but you have to have some
20 disclosure of the functionality because commercial
21 success requires --

22 THE COURT: How do you prove disclosure of
23 the functionality? What do you mean by that?

24 MS. HUGHEY: They would have to have some
25 disclosure about what their product actually is.

1 There's nothing in the record. The fact is for
2 commercial success to be relevant, it has to be
3 relevant to the patented features. And because
4 there's no evidence in the record, we have no idea.
5 Even if Procure+ and Content+ were covered by the
6 patents-in-suit, and let me be clear, there's no
7 evidence on that point, even if that were the case,
8 there's no evidence that any commercial success was
9 related to the patented features.

10 Moreover, there's actually no evidence of
11 commercial success in this case at all. So even if
12 ePlus' products are covered by the patents.

13 THE COURT: What do you mean by that?

14 MS. HUGHEY: The only evidence that came in
15 was --

16 THE COURT: When you make statements like
17 that, you kind of leave me floating around. So it's
18 okay for you to say that, and then say, Let me explain
19 why I say that. Because those are fairly conclusory
20 statements on which to base some kind of motion.

21 MS. HUGHEY: Absolutely, Your Honor.

22 THE COURT: Or judgment as a matter of law.

23 MS. HUGHEY: Absolutely. The evidence that
24 came in at trial with respect to Content+ and
25 Procure+, let's call them the ePlus products, was that

1 those divisions were not commercially successful.

2 Those products never made money.

3 I believe that on the stand Dr. Farber may
4 have said, We won some awards. We had some praise.
5 But no documents came in suggesting that that was
6 related to any of the features or functionality
7 related to the commercial products, let alone that
8 that was tied back to the claimed features and
9 functionality of the patents-in-suit.

10 And more importantly, Your Honor, evidence of
11 commercial success, the secondary considerations,
12 would only be relevant if there were for some reason
13 no motivation to combine the prior art references. In
14 this case what we have is an explicit motivation to
15 combine the TV/2 system and the RIMS system. For that
16 reason, these secondary considerations of
17 non-obviousness don't apply.

18 THE COURT: Well, you were at one point
19 making the argument in your papers, I think it was at
20 summary judgment, that you can't count the income that
21 came to ePlus from the settlements as evidence of
22 commercial success. Are you still taking that
23 position?

24 MS. HUGHEY: That's absolutely correct.

25 THE COURT: Aren't those things paid up

1 royalties.

2 MS. HUGHEY: No, Your Honor.

3 THE COURT: Isn't that what Ariba is? It's a
4 \$37 million paid up royalty. And SAP is what? It's a
5 \$17.5 million paid up royalty. And the others are
6 paid up royalties except one of them has a runner of
7 2.5 after the first \$15 million of sale in a calendar
8 year?

9 MS. HUGHEY: The facts you just recited are
10 correct, Your Honor, about the license agreements, but
11 the fact is commercial success, the question is
12 whether or not the patented products were commercially
13 successful. Those license agreements have nothing to
14 do with ePlus' commercial products. That's the point.

15 THE COURT: You mean you can't consider other
16 products that are licensed under the patents that are
17 sold pursuant to a license in considering commercial
18 success?

19 Suppose, for example, that I'm a company that
20 doesn't make anything. I just own patent rights. Are
21 you saying that in considering commercial success in
22 a challenge to an obviousness issue of one of those
23 patents that a finder of the fact could not consider
24 the revenues generated by the license agreements in
25 determining whether there was commercial success?

1 Because in that instance the patentee would have no
2 commercial product at all. And you're saying you have
3 to only consider the commercial product. Is that
4 really what you want me to do?

5 If I did that, do you think the Federal
6 Circuit would say, Hmm, not a good decision, fellow?

7 MS. HUGHEY: I'm confident in this case if
8 you conclude that there was no evidence of commercial
9 success, that the Federal Circuit would agree with
10 you.

11 THE COURT: Boy, are you a thrill seeker. Do
12 you know the extent that the Federal Circuit agrees
13 with District Courts is about 40 percent? You know,
14 you don't want to take that one to Las Vegas.

15 Okay. But seriously, why does commercial
16 success have to be linked only to the products that
17 ePlus sells?

18 MS. HUGHEY: Well, I think that that's what
19 ePlus is saying what's commercially successful is its
20 commercial products.

21 Now, with respect to the license agreement is
22 separate from ePlus's commercial. So my point is I
23 think we're going to agree that ePlus' commercial
24 product was not commercially successful.

25 The second question is, well, can we look at

1 those license agreements and say, well, they were
2 licensing it. So much like a company that had no
3 product, they were able to generate license revenue.
4 That's a different question. And with respect to that
5 question, certainly in a scenario you gave, you don't
6 make a product but you go out and you license it, that
7 might be evidence of -- that might be a secondary
8 consideration.

9 In this case, the only evidence we have is
10 that they sue those companies and that those companies
11 pay to not be sued anymore. To consider that --

12 THE COURT: Well, they took licenses.

13 MS. HUGHEY: They did take licenses to avoid
14 the litigation. To consider that evidence of
15 commercial success would be like saying because that
16 company doesn't want to pay however millions of
17 dollars for attorneys' fees, therefore you should pay
18 a million dollars because you're saying that someone
19 else's decision not to be involved in litigation is
20 therefore somehow going to apply to a company that
21 isn't willing to make that payment.

22 Those license agreements aren't tied to the
23 commercial products. We can both agree to that.

24 THE COURT: Not to that commercial product.
25 They are tied to the commercial products of the

1 licensee.

2 MS. HUGHEY: Yes. So --

3 THE COURT: Which practiced the patents.

4 MS. HUGHEY: Yes, Your Honor.

5 The third question is, Well, could you look
6 at those licensees and see if they are commercially
7 successful because they're using your patented
8 products? But there's no evidence in this case of any
9 commercial success of SAP, Ariba, or those licensees.
10 So that evidence doesn't exist.

11 I would agree with you that in theory that
12 might be relevant that you have licensed someone and
13 your licensee has gone off and been commercially
14 successful because all the features and functionality
15 of your patented technology. That evidence isn't in
16 that case. That's not the same as in this case.

17 So that's what I'm saying that there is no
18 evidence of secondary considerations of
19 non-obviousness in this case.

20 THE COURT: All right.

21 MS. ALBERT: Good morning, Your Honor.

22 THE COURT: Good morning.

23 MS. ALBERT: Not only does ePlus oppose
24 Lawson's motion, but ePlus' crossclaims for judgment
25 as a matter of law under Rule 50 that all the asserted

1 claims are valid.

2 Rule 50(a) provides that judgment as a matter
3 of law may be granted where a reasonable jury would
4 not have a legally sufficient evidentiary basis to
5 find for the non-moving party on that issue.

6 Lawson has failed to show that any of the
7 asserted claims of the patents-in-suit are invalid
8 under any theory, including anticipation under Section
9 102, obviousness under Section 103, or written
10 description under Section 112.

11 THE COURT: Well, that's out of the case, she
12 said, so you don't need to address that.

13 MS. ALBERT: So I would assume that the Court
14 would then grant judgment as they plead that theory in
15 the final pretrial order.

16 THE COURT: Well, it's an affirmative
17 defense, isn't it? I mean, isn't it a pleaded
18 affirmative defense?

19 MS. ALBERT: Yes, Your Honor.

20 THE COURT: Okay.

21 MS. ALBERT: Furthermore, although Lawson
22 pled lack of enablement under Section 112, paragraph
23 1, they didn't raise that issue in the final pretrial
24 order. So we would ask for judgment as to that issue
25 as well.

1 As a preliminary matter, there were several
2 prior art theories that Lawson had asserted in the
3 final pretrial order as to which Lawson did not offer
4 any evidence at all. Specifically, anticipation based
5 on the King patent. That theory, there was no
6 evidence presented at trial as to that theory. So
7 ePlus would ask for judgment as a matter of law with
8 respect to that contention.

9 Lawson had also pled several theories of
10 obviousness based upon combinations, and there was no
11 evidence presented as to obviousness based upon the
12 combination of the P.O. Writer system and the J-CON
13 system, the RIMS system plus the Dworkin patent, and
14 the J-CON system plus the Dworkin patent. So ePlus
15 would ask for judgment as a matter of law as to those
16 contentions.

17 In addition, ePlus also moves the Court to
18 find under Rule 52, or alternatively under Rule 50,
19 that Lawson has failed to show that any of the claims
20 constitute unpatentable subject matter under Section
21 101 or that any claim element is indefinite under
22 Section 112, paragraph 2.

23 Rule 52(a)(1) provides that in an action
24 tried on the facts without a jury or with an advisory
25 jury, the Court must find the facts specially and

1 state its conclusions of law separately. The findings
2 and conclusions may be stated on the record after the
3 close of the evidence or may appear in an opinion or
4 memorandum of decision filed by the Court. Judgment
5 must be entered under Rule 50(a).

6 Rule 52(c) provides that if a party has been
7 fully heard on an issue during a nonjury trial and the
8 Court finds against the party on that issue, the Court
9 may enter judgment against the party on a claim or
10 defense that under the controlling law can be
11 maintained or defeated only with a favorable finding
12 on that issue. The Court, however, may decline to
13 render any judgment until the close of the evidence.

14 The key difference between Rules 52 and 50 is
15 that under Rule 52 the Court need not draw any
16 inferences in favor of the non-moving party, but can
17 make findings in accordance with its own view of the
18 evidence.

19 As the parties agreed in the final pretrial
20 order, Section 101 and Section 112, paragraph 2,
21 indefiniteness issues, are not for the jury to decide.
22 So, therefore, they are issues of law for the Court
23 and are ripe for decision.

24 THE COURT: Are they issues of law or are
25 they issues on which the Court must make findings of

1 fact and conclusions of law?

2 MS. ALBERT: Well, Section 101 is definitely
3 an issue of law. The indefiniteness issues,
4 indefiniteness is an issue of law, but I believe that
5 there can be preliminary fact finding made based upon
6 the understanding of a person of ordinary skill in the
7 art.

8 THE COURT: Yes, but what is it that's put to
9 the Court in this instance? 101 is patentability,
10 right?

11 MS. ALBERT: Correct.

12 THE COURT: 112(2) is indefiniteness, right?

13 MS. ALBERT: Correct.

14 THE COURT: Are you saying both of those are
15 legal questions?

16 MS. ALBERT: Yes.

17 THE COURT: All right. Go ahead.

18 MS. ALBERT: As far as the issue of
19 anticipation, I'll address that first. I believe that
20 in the final pretrial order, Lawson had also pled that
21 the P.O. Writer manual was a prior art printed
22 publication under Section 102A and 102B. That was
23 paragraph 36 in the final pretrial order. And the
24 defendant had contended in the final pretrial order
25 that the P.O. Writer system and manual anticipated

1 Claims 3, 26, 28 and 29 of the '683 patent, and Claims
2 1 and 6 of the '516 patent.

3 However, at the telephonic hearing on ePlus'
4 motion to enforce prior Court orders held on
5 December 30, the defendant voluntarily withdrew its
6 allegations that the P.O. Writer system anticipated
7 Claims 3, 28 and 29 of the '683 patent.

8 So the only claims that are still at issue, I
9 guess, would be Claim 26 of the '683 patent and Claims
10 1 and 6 of the '516 patent.

11 And with respect to those contentions, Lawson
12 failed to offer any expert opinion on those issues.
13 And the subject matter of the patents-in-suit
14 electronic sourcing systems and methods involves an
15 understanding of database and software that is
16 sufficiently complex to fall beyond the grasp of an
17 ordinary lay person.

18 Accordingly, in order to meet its burden of
19 clear and convincing evidence on invalidity, Lawson
20 was required to establish the existence of certain
21 features in this alleged prior art using expert
22 testimony. And I would cite you again to the case of
23 *Proveris Scientific Corporation v. Innovasystems*, that
24 I believe we discussed the other day. That cite is
25 536 F.3d 1256. And that's a Federal Circuit decision

1 in 2008.

2 THE COURT: What's the first name of that
3 case?

4 MS. ALBERT: Proveris, P-r-o-v-e-r-i-s.

5 THE COURT: All right.

6 MS. ALBERT: Now, turning to the issue of the
7 RIMS system. As we heard Ms. Huey, the defendant
8 contend that some unidentified RIMS system was known
9 or used by others or on sale more than one year before
10 the filing date or in public use more than one year
11 before the filing date within the meaning of Section
12 102(a) and 102(b).

13 The defendant also contends that the '989
14 patent is prior art under 35 U.S. Code Section 102(e).
15 And the defendant contends that, I guess, all of the
16 claims are fully anticipated based on those theories.

17 No reasonable jury could find that any of the
18 asserted claims are anticipated by the '989 patent.
19 Furthermore, Lawson has introduced no evidence that
20 there was any knowledge or use by others of the RIMS
21 system as described in the '989 patent or any sales or
22 public use of the RIMS system as described in the '989
23 patent more than one year before the filing date of
24 the patents-in-suit.

25 Lawson failed to establish that a system

1 having all of the functionality disclosed in the '989
2 patent was actually in public use prior to the
3 August 10, 1994 filing date of the patents-in-suit.
4 Moreover, the testimony of the inventors here was to
5 the effect that the '989 patent, there was never a
6 system sold by Fisher-Scientific or offered for sale
7 that performed all of the functions described in the
8 '989 patent.

9 Apart from the '989 patent, Lawson offered no
10 evidence showing any functionality of any actual
11 commercial RIMS system that existed before August 10
12 of 1994. Additionally, as to the '989 patent, it's
13 ePlus' contention that the '989 patent is not prior
14 art to the patents-in-suit. Lawson concedes that the
15 only statutory basis for asserting that the '989
16 patent is prior art is under Section 102(e) of Title
17 35. And that's in the final pretrial order at
18 paragraph 21.

19 THE COURT: What about that now?

20 MS. ALBERT: That's Lawson's only basis for
21 contending that the '989 patent --

22 THE COURT: I don't have the statute in front
23 of me. I don't have it readily at hand. What's the
24 text of it? What's the theory?

25 MS. ALBERT: The theory is that Section

1 102(e) provides that -- there must be -- it applies
2 to -- I can read it to you. 102(e) provides that a
3 person shall be entitled to a patent unless the
4 invention was described in an application for a patent
5 that was by another filed in the United States before
6 the invention by the applicant for a patent.

7 So as to the facts here, there is no inventor
8 of the '989 patent who is not also an inventor on the
9 three patents-in-suit. In other words, the two named
10 inventors on the '989 patent, James Johnson and
11 Douglas Momyer, were also named inventors on all the
12 patents-in-suit. Therefore, as a matter of law under
13 the statute, there is no basis for anticipation based
14 on a theory under Section 102(e).

15 Furthermore, the RIMS system lacks several
16 elements of the asserted claims and therefore cannot
17 anticipate any of the an asserted claims. Among other
18 things, the RIMS system was not an electronic sourcing
19 system as defined by the Court's claim construction.
20 It was used by a customer service representative of a
21 distributor, not by a prospective purchaser as
22 required by the Court's claim construction.

23 And this evidence is found in the '989 patent
24 itself, which is DX 7, and it was also conceded by
25 defendant's expert, Dr. Shamos, at trial.

1 Furthermore, the system described in the '989
2 patent lacks multiple sources for items, which is
3 required by all of the asserted claims.

4 The RIMS system did not include multiple
5 vendor catalogs as Dr. Shamos himself conceded. The
6 database in the RIMS system contained only inventory
7 records and items and it lacked any associated source
8 related information. And that was shown in table 6 of
9 the '989 patent.

10 Additionally, the RIMS system lacked any
11 catalog selection capability since it did not have
12 catalogs. It also did not include the search program
13 as required to meet the Court's constructions under
14 Claim Three of the '683 patent.

15 THE COURT: Didn't they offer evidence to say
16 otherwise on all those points?

17 MS. ALBERT: Well, the evidence of record --
18 will, what's required by the Court's construction of
19 Claim Three of the '683 patent and Claim One of the
20 '172 patent is that you need to have a search program.
21 The part number lookup feature described in the RIMS
22 patent is not a search program. It is a part number
23 lookup on a specific field in the database. That is
24 not a search program.

25 THE COURT: Didn't Dr. Shamos say it was?

1 MS. ALBERT: I believe he said it was a part
2 number lookup. There's a distinction there. It's
3 undisputed that it's a part number lookup. That's the
4 way it's described in the patent.

5 And under your construction, you have
6 described the specific structures that are required to
7 satisfy that means-plus-function element, and those
8 specific structures require that there be a search
9 program.

10 The RIMS system also lacked the capability to
11 generate purchase orders from requisitions. Purchase
12 orders were generated by a separate system on a Fisher
13 mainframe computer, and there was no linkage between
14 those purchase orders and the requisitions created by
15 the RIMS system since you required manual intervention
16 on the part of an employee at the Fisher host location
17 in order to supply vendor information, for example,
18 for the purchase orders because there would not be any
19 vendor information in the requisitions built by the
20 RIMS system.

21 Additionally, the RIMS system lacked the
22 capability to provide inventory concerning the
23 availability of items in external vendors' inventory.
24 The users of the RIMS system could only check the
25 internal inventory at the JIT facility or the

1 inventory in the Fisher warehouses. The RIMS system
2 lacked the capability to convert data about a selected
3 matching requisition item that was associated with one
4 source to data about a similar item from a similar
5 source. Because there was no associated source
6 related information contained in the requisitions
7 built by the RIMS system, they simply cannot perform
8 that function.

9 With respect to the issue of obviousness
10 under Section 103, a claimed invention is invalid as
11 obvious only if it would have been obvious to a person
12 of ordinary skill in the art of the claimed invention
13 at the time that the invention was made considering
14 (1) the scope and content of the prior art relied upon
15 (2) the differences between each claim and the prior
16 art (3) the level of ordinary skill in the art at the
17 time the invention was made, an additional secondary
18 consideration that indicates that the invention was
19 not obvious.

20 When attempting to combine alleged prior art
21 references, there must be something in the prior art
22 as a whole to suggest the desirability and therefore
23 the obviousness of making the combination.

24 This requirement known as the teaching
25 suggestion or motivation to combine tests remains one

1 test for analyzing obviousness following the Supreme
2 Court's decision in *KSR v. Teleflex*.

3 Further, it's often necessary for a court to
4 look at interrelated teachings of multiple patents,
5 the effects of demands known to the design community
6 or present in the marketplace and the background
7 knowledge possessed by a person of ordinary skill in
8 the art all in order to determine whether there was an
9 apparent reason to combine a known element in the
10 fashion claimed in the patent claims at issue.

11 To facilitate review, the analysis must be
12 made explicit. An obviousness challenge cannot be
13 sustained by mere conclusory statements. There must
14 be some articulated reasoning with some rational
15 underpinning to support the legal conclusion of
16 obviousness. And we would suggest that with respect
17 to J-CON and P.O. Writer combination, J-CON plus
18 Dworkin and RIMS plus Dworkin, there was no
19 articulated reasoning in the record to combine those
20 systems.

21 As to the defendant's assertions that the
22 RIMS plus TV/2 system rendered obvious all the
23 asserted claims of the patents-in-suit, no reasonable
24 jury could find that any of the asserted claims are
25 rendered obvious by the combination of the RIMS system

1 as disclosed in the '989 patent or in public use or on
2 sale before August 10, 1994, and TV/2 as described in
3 a printed publication or in use before August 10 of
4 1994.

5 The combination of the RIMS system --

6 THE COURT: It's your theory that none of
7 those things were public?

8 MS. ALBERT: Well, actually, there has been
9 no evidence adduced that there was any RIMS system
10 containing all of the functionality as described in
11 the '989 patent that was ever in public use or on
12 sale. And in addition, the IBM witnesses candidly
13 acknowledged that there was no TV/2 system in use
14 prior to the August 10, 1994 filing date.

15 The first commercial version of TV/2 was the
16 version that was used in connection with
17 Fisher-Scientific's electronic sourcing system.

18 THE COURT: What about Ms. Eng? She said
19 that it was on sale, TV/2, in 1991. How do I deal --
20 she may be wrong, but isn't that a fact issue for the
21 jury to decide?

22 MS. ALBERT: She said that IBM would have
23 made a system for you, but there was no commercial
24 product available. And there's no corroboration in
25 the record to support that other than --

1 THE COURT: Wait a minute. You've got two
2 different points. One is it didn't happen, that it
3 was on sale. One is that on sale doesn't mean I'll
4 make it for you if you ask me. It has to be offered
5 for sale.

6 The other is even if it was on sale, the only
7 evidence of it is her oral testimony of the on sale,
8 and that that is insufficient as a matter of law, and
9 there's nothing by way of any documentation or other
10 testimony to document it.

11 MS. ALBERT: That's correct.

12 THE COURT: But didn't Gounaris testify that
13 it was on sale earlier than a year before 1994?

14 MS. ALBERT: I think he testified that it was
15 not on sale prior to --

16 THE COURT: He refuted Ms. Eng?

17 MS. ALBERT: I believe when Mr. Robertson
18 cross-examined him, he'll conceded that it was not --

19 THE COURT: Do you have his testimony?

20 MS. ALBERT: I don't happen to have it here,
21 but we can certainly supply it in our brief.

22 THE COURT: It's in your brief?

23 MS. ALBERT: It will be in our briefing, yes.

24 THE COURT: You didn't file a brief this
25 morning or last night, did you?

1 MS. ALBERT: No, we have not filed our brief
2 yet.

3 THE COURT: I told Ms. Haggard not to sleep,
4 that she's to be here all night to get briefs. And
5 she didn't show me one. So I thought she disregarded
6 my request knowing that you all work all night.

7 Okay.

8 MS. ALBERT: I guess the Lawson team was
9 burning the midnight oil because they got theirs on
10 file at some wee hour of the morning.

11 In addition, the combination of the RIMS
12 system and TV/2 was disclosed by the inventors during
13 prosecution of the patents-in-suit and was considered
14 by the Patent and Trademark Office prior to the
15 issuance of the patents-in-suit. Both the RIMS system
16 and TV/2 were referenced multiple times in the
17 specification of each of the patents-in-suit, and the
18 Patent and Trademark Office reviewed that disclosure
19 and found each of the claims allowable over those
20 systems.

21 THE COURT: What point is made by that? What
22 point are you making with that fact?

23 MS. ALBERT: That Lawson cannot meet its
24 burden of clear and convincing evidence by asserting
25 the same prior art systems that were already

1 considered by the Patent and Trademark Office.

2 THE COURT: Well, they say that they weren't
3 disclosed as prior art. Lawson says that the '989
4 patent wasn't disclosed as prior art because it's not
5 in the cited reference section on the first page of
6 the patent, the '683 patent.

7 You're saying it was disclosed and
8 incorporated by reference because it's mentioned in
9 the background section of the specification, I
10 believe, early on.

11 MS. ALBERT: That's correct, Your Honor.

12 THE COURT: What's the law on whether that's
13 disclosed as prior art or not?

14 MS. ALBERT: I think we tendered a jury
15 instruction on this issue to Your Honor, but the law
16 that I have to cite to you would be the Manual of
17 Patent Examining Procedure of the Patent and Trademark
18 Office at Section 904.02. And in that section, it
19 indicates that the examiner must fully consider all
20 the prior art references cited in the application.

21 So in the application itself and included
22 those cited by the applicant in a properly submitted
23 disclosure statement.

24 THE COURT: What is a properly submitted
25 information disclosure statement?

1 MS. ALBERT: Pardon me?

2 THE COURT: What is a properly submitted
3 information disclosure statement?

4 MS. ALBERT: The Patent Office has a form. I
5 forget the form number off the top of my head. But
6 there's a form that you can use to submit prior art.

7 THE COURT: Was the '989 in one of those?

8 MS. ALBERT: No, the '989 was not disclosed
9 pursuant to an information disclosure statement, but
10 it was disclosed in the application itself. And the
11 Manual of Patent Examining Procedure provides that the
12 examiner does fully consider all of the prior art
13 references cited in the application itself, and any
14 prior art references that are cited additionally by an
15 applicant pursuant to an information disclosure
16 statement.

17 THE COURT: Right, but the issue here that
18 Lawson is contending is that cited in the application
19 part, not cited in the form part of it the disclosure
20 form, cited in the application means cited in the --
21 recited in the cited references which are (A) patents
22 and (B) other publications. And that since it wasn't
23 cited, that is, the '989 wasn't cited, it wasn't
24 considered. Isn't that their argument?

25 MS. ALBERT: That is their argument.

1 THE COURT: What's the law? Does the law
2 require that cited in the application means cited in
3 the cited reference other publications section or can
4 it be cited anywhere in the application itself?
5 That's the question.

6 MS. ALBERT: Yes. I have some cases on point
7 that do indicate that prior art described in the
8 specification is expected to be considered by the
9 examiner. Anywhere in the specification, including in
10 the background of the invention, including in the
11 detailed description of the preferred embodiment,
12 anywhere.

13 THE COURT: Anywhere between the abstract --
14 between the title of the patent and the listing of the
15 we claim language, it's fair game for consideration if
16 it is properly disclosed?

17 MS. ALBERT: Correct. The entire
18 specification is considered to be everything from the
19 cover page, which includes the title, the name of the
20 inventors, the reference cited, the drawing figures,
21 the background of the invention, the abstract, the
22 summary of the invention, the detailed description and
23 the claims.

24 THE COURT: No, not the claims.

25 MS. ALBERT: Pardon me?

1 THE COURT: Not the claims.

2 MS. ALBERT: The claims wouldn't cite a prior
3 art reference, that's true. And the evidence of
4 record is that --

5 THE COURT: What several cases do you have
6 that say that?

7 MS. ALBERT: I can cite to you *Polaroid*
8 *Corporation v. Eastman Kodak Company*, 641 F.Supp 828.
9 And that's a District of Massachusetts case, 1985. It
10 was affirmed by the Federal Circuit at 789 F.2d 1556.
11 Federal Circuit, 1986.

12 Also I can cite --

13 THE COURT: 1986?

14 MS. ALBERT: Correct.

15 THE COURT: Why was the Federal Circuit
16 deciding patent cases in 1986? 1987 wasn't it
17 created?

18 MS. ALBERT: I think it was created in 1982.
19 And in that case --

20 THE COURT: I know it was created earlier
21 than that, but up until '87, didn't the appeals from
22 District Courts go to the regional circuits or have I
23 got date wrong?

24 MS. ALBERT: I think you may have the date
25 wrong.

1 THE COURT: You mean I've erred again?

2 MR. McDONALD: Right when the Federal Circuit
3 started doing patent appeals. I think that was '82.

4 THE COURT: '82. Could they hear all patents
5 appeals beginning in '82?

6 MS. ALBERT: I believe so.

7 THE COURT: All right. I just had the date
8 wrong.

9 MS. ALBERT: I can hand up a copy of the
10 *Polaroid* decision, too, Your Honor.

11 THE COURT: What happened in 1987? Is that
12 when the statute changed on venue or was it -- no,
13 that was later. Well, anyway, it doesn't make any
14 difference.

15 MS. ALBERT: I can also cite *Gould v. General*
16 *Photonics*.

17 THE COURT: Who?

18 MS. ALBERT: Gould, G-o-u-l-d --

19 THE COURT: Do you have a cite?

20 MS. ALBERT: 534 F.Supp 399. It's a Northern
21 District of California case dated 1982. And that case
22 stands for the proposition that to the extent that the
23 patent contains disclosure -- this was an optically
24 pumped laser prior art at issue. This subject matter
25 was discussed as prior art in the specification of the

1 patents-in-suit. And therefore was considered by the
2 examiner as prior art in issuing the patents-in-suit.
3 And I can hand up a copy of that case as well.

4 THE COURT: Thank you.

5 MS. ALBERT: I can also cite the case of
6 *Indiana Mills and Manufacturing, Incorporated v.*
7 *Burrell Industries, Incorporated*, 458 F.Supp 2d 890.
8 It's a Southern District of Indiana case in 2006. And
9 it says that despite the fact that the examiner failed
10 to list them in the appropriate sections of the
11 prosecution history, the Court presumes that the
12 examiner considered the Tacota 483 and Yang 550
13 references because those references were clearly cited
14 in the specification. And I can hand up a copy of
15 that.

16 THE COURT: All right. Thank you. What
17 else?

18 MS. ALBERT: All right. I don't know if you
19 want the MPEP section as well.

20 THE COURT: Did you all -- I haven't had a
21 chance to read these. Did you all highlight them so I
22 can find them?

23 When you're given a job, why don't you do it
24 right? Have you forgotten what it's like to do the
25 hard work in the case?

1 MR. ROBERTSON: I apologize, Your Honor. I
2 did highlight the MPEP cite.

3 THE COURT: Boy, did you get a good start.
4 Then you went to bed.

5 MR. ROBERTSON: I can do it during the next
6 recess, Your Honor.

7 MS. ALBERT: Furthermore, the RIMS '989
8 patent is not available to be used in a prior art
9 combination for purposes of obvious as against Claim
10 One of the '172 patent under 35 U.S. Code Section
11 103(c)(1) as a matter of law.

12 The '989 patent was filed April 2, 1993 and
13 issued January 27, 1998 and named inventors Johnson
14 and Momyer, and was assigned to Fisher-Scientific.
15 Section 103(c) reads that subject matter developed by
16 another person which qualifies as prior art only
17 under -- and the relevant subsection here is
18 subsection (e) of Section 102 of this title, shall not
19 preclude patentability under this section where the
20 subject matter and the claimed invention were at the
21 time the invention was made owned by the same person
22 or subject to an obligation of assignment to the same
23 person.

24 So here we have the '989 patent, which can
25 only be prior art under Section 102(e). That patent

1 was assigned to Fisher-Scientific. And the '172
2 patent was filed on March 22, 2000, and was assigned
3 to Fisher-Scientific.

4 The '172 patent has an effective filing date
5 of August 10, 1994. And, therefore, this section
6 103(c) provides that as a matter of law, the '989
7 patent, which was commonly assigned at the relevant
8 time, cannot preclude patentability of any claim of
9 the '172 patent.

10 THE COURT: '172 or '683?

11 MS. ALBERT: This particular section only
12 applies to Claim One of the '172 patent. Because the
13 statute was amended in 1999. So that's the only one
14 of the three patents that was filed after that
15 statute.

16 THE COURT: That's under 103(c)?

17 MS. ALBERT: 103(c)(1).

18 So we would submit that Your Honor should
19 grant judgment as a matter of law with respect to
20 Lawson's obviousness assertion as against Claim One of
21 the '172 patent based on the statute itself.

22 THE COURT: Okay.

23 MS. ALBERT: Further, the combination of the
24 RIMS system and the TV/2 search program lacks several
25 elements of the asserted claims and therefore cannot

1 render obvious any of the asserted claims.

2 THE COURT: Well, let me ask you something.
3 Is the combo claim barred under 103(c)(2) for the same
4 reason because one half of the combo is barred under
5 103(c)?

6 MS. ALBERT: The combination claim as against
7 Claim One of the '172 patent is barred by Section
8 103(c(1) of the statute.

9 THE COURT: So now you're talking about in
10 addition to that.

11 MS. ALBERT: It says --

12 THE COURT: In addition to that theory, there
13 are other reasons to bar the combo?

14 MS. ALBERT: Right. Correct. I'm saying
15 that substantively the combination of the RIMS system
16 and the TV/2 search program lacks several elements of
17 the asserted claims and, therefore, does not render
18 obvious any of the asserted claims.

19 Among other things --

20 THE COURT: Are they alleging that the '989
21 renders it obvious standing alone because it shows
22 RIMS plus TV/2?

23 MS. ALBERT: My understanding of Lawson's
24 contention is that they are contending that the RIMS
25 system as described in the '989 patent in combination

1 with the two TV/2 brochures renders the claims
2 obvious.

3 THE COURT: But your 103(c) argument really
4 only relates to the combination of obviousness.

5 MS. ALBERT: That's correct.

6 THE COURT: It doesn't relate just to the
7 RIMS -- to the '989. It relates to the combination
8 because the combination is the '989 RIMS plus TV/2?

9 MS. ALBERT: That's correct.

10 THE COURT: I just wanted to make sure I
11 understood you right.

12 MS. ALBERT: That is correct. But under
13 102(e) --

14 THE COURT: Again, we're talking about the
15 '172, Claim One issue?

16 MS. ALBERT: Correct. But then with respect
17 to Lawson's contention that the '989 patent in and of
18 itself renders the claims invalid based upon a theory
19 of anticipation, it is ePlus' position that under the
20 statutory section, Section 102(e), that because the
21 '989 patent is not an invention by another, it cannot
22 be applied as prior art to invalidate any of the
23 claims of the three patents-in-suit.

24 THE COURT: You just merged anticipation and
25 invalidity in that statement.

1 MS. ALBERT: Yes, but one of your questions
2 related to whether the '989 patent in and of itself
3 could be used to invalidate any of the claims. So I
4 was just addressing that it's ePlus' contention that
5 the '989 patents in and of itself cannot be used as an
6 invalidating reference because under the statutory
7 section that's appropriate, Section 102(e), it is not
8 an invention by another, and, therefore, it does not
9 constitute prior art.

10 Even if the Court was to find that somehow
11 Lawson --

12 THE COURT: 103(c)(1) applies because it
13 wasn't developed by another person and has the common
14 assignability feature as to '172?

15 MS. ALBERT: That is correct.

16 THE COURT: So it's for both of those
17 reasons?

18 MS. ALBERT: That's correct.

19 And even if Lawson could clear both of those
20 statutory hurdles, it's ePlus' position that the
21 combination of the RIMS system and the TV/2 search
22 program lacks several elements of the asserted claims
23 and therefore cannot render obvious any of the
24 asserted claims.

25 Neither the RIMS system nor TV/2 was an

1 electronic sourcing system. The RIMS system was used
2 by a customer service representative of a distributor,
3 not by a prospective buyer as the undisputed evidence
4 shows. And that is specifically described in the '989
5 patent itself, and I believe defendant's expert Dr.
6 Shamos conceded that point.

7 The TV/2 program was simply a document viewer
8 program, not a procurement system, and that's
9 described in the TV/2 brochures, DX 105 and DX 107.

10 And neither the RIMS system nor TV/2 included
11 multiple product catalogs associated with multiple
12 vendors, and Dr. Shamos, Lawson's own expert, conceded
13 this point. The RIMS system was a single source
14 system. And TV/2 was simply a search program.

15 Neither the RIMS system, nor TV/2, included
16 any capability to convert data about a requisition
17 item associated with one source to data about a
18 similar item from a different source. And then TV/2
19 didn't generate any requisitions at all.

20 The '989 patent discloses that there were no
21 sources associated with the line items in the
22 requisitions built by the RIMS system. So the RIMS
23 system has no capability to convert a requisition line
24 item associated with a first source to a requisition
25 line item associated with a second source because the

1 requisition line items were not associated with any
2 source.

3 Neither the RIMS system, nor TV/2, included
4 the capability to generate purchase orders from
5 requisitions. TV/2 did not generate any purchase
6 orders at all. And the RIMS system as described in
7 the '989 patent did not generate purchase orders from
8 data in the requisitions. Rather those purchase
9 orders that were generated, if at all, were generated
10 at the distributor's mainframe host computer and
11 required manual intervention by a purchasing
12 department employee since the requisitions that were
13 generated by the RIMS system did not include any
14 source related data.

15 Neither the RIMS system nor TV/2 included the
16 capability to determine the availability of a selected
17 matching requisition item in external vendor
18 inventory.

19 And with respect to Ms. Hughey's argument
20 that the patents-in-suit do no more than combine the
21 prior RIMS system and the prior TV/2 system, it's
22 undisputed that there were numerous modifications that
23 were made to integrate the RIMS system and TV/2 in
24 order to build the patented electronic sourcing
25 system. We have the inventors' testimony. Dr. Shamos

1 conceded this point as well.

2 Among the modifications made to the RIMS
3 system were a modification of the user interface in
4 the RIMS system so that the system could be used by a
5 prospective customer. The RIMS system was also
6 modified to accommodate multiple catalog databases
7 having items associated with vendors. The prior
8 system did not include that feature.

9 The RIMS system was also modified to enable
10 the transfer of matching items that were found in
11 search results to a requisition and purchasing system.
12 The prior RIMS system did not have catalog databases.
13 It did not have a search program. It did not have any
14 interface to transfer results of searches to a
15 requisition program. There was also the addition of
16 the capability to the RIMS system to generate multiple
17 purchase orders from requisitions. The prior RIMS
18 system, again, did not have the capability to generate
19 purchase orders from the requisitions but required
20 manual intervention.

21 There was a modification made to the prior
22 RIMS system to enable splitting a single requisition
23 into multiple purchase orders directed to multiple
24 vendors. The prior RIMS system lacked that
25 capability.

1 There was a modification made to the prior
2 RIMS system to enable communication to external vendor
3 databases to determine the availability of requisition
4 items in the vendors' inventory.

5 Additionally, there were modifications made
6 to TV/2. TV/2 did not have the capability to search
7 catalog databases prior to the IBM personnel's work on
8 the project for Fisher-Scientific.

9 Additionally, as we heard from Ms. Eng and
10 the inventors, TV/2 was modified to add the capability
11 to be able to select catalogs to search. Ms. Eng also
12 testified that TV/2 was modified during the
13 Fisher-Scientific project to build the order list that
14 was required in order to place matching items found in
15 conducting searches of catalogs.

16 Additionally, TV/2 was modified to build the
17 interface to accommodate the transfer of data between
18 the search program and the requisitioning system.
19 And, I mean, there were many more tasks. I can't
20 remember them all, so I'm not going to go through them
21 all.

22 As to the questions concerning secondary
23 considerations that were raised by Ms. Huey, licensing
24 itself is a secondary consideration separate and apart
25 from the secondary consideration of commercial

1 success. And Your Honor has recognized this in the
2 Court's jury instruction No. 42.

3 So ePlus' licenses are evidence of secondary
4 considerations of non-obviousness without regard to
5 whether or not there's evidence of commercial success.
6 Additionally, Mr. Farber did testify that the industry
7 had recognized the ePlus products that practiced the
8 claim invention with several awards. And awards are
9 evidence of secondary consideration.

10 I think that addresses the points that were
11 raised by Ms. Huey. Does Your Honor have any
12 additional questions?

13 THE COURT: She said you can't consider any
14 licenses because you haven't shown that the licensees
15 themselves have had success.

16 MS. ALBERT: The success of the licensees is
17 irrelevant to the question of licensing.

18 THE COURT: It would be pertinent evidence if
19 it were shown. If I have a license and the only thing
20 I make is made pursuant to the patent that is licensed
21 and I am successful, and you introduce that evidence,
22 that would be probative of the commercial success.

23 MS. ALBERT: Yes, it would.

24 THE COURT: But the failure to introduce that
25 evidence -- I mean, but that's not the only way you

1 can consider licensing because the fact of licensing
2 is an indicia of commercial success -- I mean is a
3 secondary consideration independent of commercial
4 success.

5 MS. ALBERT: That's correct, Your Honor.

6 THE COURT: Okay. Thank you.

7 MS. ALBERT: Thank you, Your Honor.

8 MS. HUGHEY: Your Honor, I look forward to
9 briefly addressing the issues that Ms. Albert raised,
10 but two specific issues that she discussed, one is
11 this incorporated by references issue, and, two, is
12 this 102(e) prior art issue. Those are disputed
13 issues also with respect to the jury instructions.
14 And I know that we've gotten into them now. So I
15 request the Court's permission to have Mr. Schultz,
16 who's much more familiar the incorporation by
17 reference issue address Ms. Albert's argument on that
18 point and have Ms. Stoll-DeBell address the 102(e)
19 issue, and I'll briefly discuss everything else if
20 that will be acceptable.

21 THE COURT: All right. I don't view this as
22 an incorporation by reference issue.

23 MR. SCHULTZ: Your Honor, there was a
24 discussion about adequacy of the disclosure of the
25 '989 patent and whether it was considered by the

1 Patent Office during Ms. Albert's discussion with the
2 Court.

3 Your Honor, what I have placed before you is
4 a section of the MPEP that actually is of the current
5 standard that it has to be or, excuse me, from the
6 1998, 7th Edition. The case law that Ms. Albert
7 provided you was pre-1992. And if I could refer you
8 to the second page of the MPEP document that I
9 provided to Your Honor on the right-hand column almost
10 midway under the first set of highlighting talking
11 about the effective date of March 16, 1992 of
12 requiring the disclosure of the cited prior art
13 references had to be in a particular format and the
14 information --

15 THE COURT: Where is that you're saying?

16 MR. SCHULTZ: It's on page 2 of document that
17 I handed you to you.

18 THE COURT: That's the disclosure statement.
19 That's the second method she was talking about.

20 MR. SCHULTZ: No, Your Honor. The basic
21 point is if you turn to the last page of the document
22 of the 609 Manual of patent Examining Procedure,
23 left-hand side, to comply with the requirement --

24 THE COURT: Wait a minute. The last page?

25 MR. SCHULTZ: Yes.

1 THE COURT: It says second.

2 MR. SCHULTZ: The last page, if you look at
3 the bottom, it's 600-104.

4 THE COURT: Yes. And that's under the
5 section that says "legible copies."

6 MR. SCHULTZ: No, the left column.

7 THE COURT: Okay. This is all patent
8 publications or other information.

9 MR. SCHULTZ: That's correct. In other
10 words, where I have it highlighted for Your Honor to
11 comply with this requirement the list may not be
12 incorporated into the specification but must be
13 submitted in a separate paper.

14 This is required by, if you continue reading,
15 Form PTO 1449, the information disclosure citation of
16 PTO, SB 08A and 08B information disclosure statement.
17 That's the requirement for a patent examiner to say
18 that the actual reference was considered by the patent
19 examiner post 1992.

20 The cases pre-1992 have no relevance because
21 the patent law that we're talking about is the period
22 of time post 1992. This is the law that has to be
23 applied in Section 609 of the MPEP.

24 Your Honor, I do have some additional
25 conversation with respect to this issue; however, it's

1 pertinent to the jury instructions.

2 THE COURT: What's the case that you cited?

3 MR. SCHULTZ: Your Honor, the case that I
4 included with you, it's a case that distinguishes
5 Section 608. And in the jury instruction that is what
6 ePlus cites to as Section 608, but that's the patent
7 examiner search as opposed to disclosure requirements
8 of the patentee. It goes through and describes that
9 608 is not applicable to 609. The MPEP section that I
10 provided to you is applicable. And that is a post
11 1992 case, Your Honor.

12 THE COURT: I don't understand the
13 difference. What's the difference that you're talking
14 about? I'm not following it.

15 MR. SCHULTZ: Section 608 is what the
16 examiner searches. In order to be found that the
17 examiner considered a piece of prior art, there's a
18 procedure that has to be followed by the patentee.
19 Section 609 describes that procedure. 609
20 specifically says that if a disclosure of a prior art
21 reference is included only in the specification, that
22 is insufficient for a court afterwards to consider
23 that as the examiner considering that as prior art.

24 That is exactly the issue with respect to the
25 '989 patent in this case. This is post 1992 law that

1 if the patentee wanted the Patent Office to consider
2 the '989 patent as prior art, they had to disclose it
3 in an information disclosure statement on a separate
4 paper from the specification. They did not.

5 MR. ROBERTSON: What's the cite for that,
6 sir?

7 THE COURT: Did you give them copies of what
8 you gave me?

9 MR. SCHULTZ: Your Honor, I did think that I
10 did give them, however, I may have inadvertently not
11 given them the case.

12 MR. ROBERTSON: Is it (unintelligible)
13 Pharmaceuticals?

14 MR. SCHULTZ: That's correct.

15 I actually put that in a brief that I
16 provided to you that on other grounds.

17 THE COURT: I don't want to hear anything
18 about it.

19 MS. STOLL-DeBELL: Good morning, Your Honor.

20 THE COURT: Good morning.

21 MS. STOLL-DeBELL: The issue I was going to
22 address is ePlus' allegation that the RIMS prior art
23 cannot be considered in an obvious combination because
24 of what 103(c)(1) says, and I want to read that to
25 you. I think what they're saying is you can't

1 combining RIMS with TV/2 for the '172 patent because
2 they were commonly assigned at the time of the
3 invention.

4 THE COURT: Developed by. It doesn't meet
5 the developed by another person or owned by or
6 commonly assigned provision.

7 MS. STOLL-DeBELL: So I think there are two
8 issues. One is whether the '989 qualifies as prior
9 art under Section 102(e) because it needs to be
10 invented by another. So I can address that as well.

11 And then the second issue is whether the RIMS
12 prior art can be used in combination to show
13 obviousness under 103. And they say it can't for the
14 '172 patent because 103(c)(1) says you can't use
15 102(e) prior art if the 102(e) prior art was owned by
16 the same person that owned the patents that you're
17 looking at. And I think neither of those apply.

18 THE COURT: Why weren't they owned by the
19 person?

20 MS. STOLL-DeBELL: They are. I'm not
21 disputing that.

22 THE COURT: Why aren't they developed -- why
23 were they developed by another person?

24 MS. STOLL-DeBELL: Because under Section --

25 THE COURT: I thought there were four

1 inventors on one and two on the other. And two of
2 them are in common.

3 MS. STOLL-DeBELL: That's right. So when you
4 look at --

5 THE COURT: In the alternative, they are both
6 commonly assigned, aren't they?

7 MS. STOLL-DeBELL: Your Honor, the law is an
8 inventive entity has to be identical under Section
9 102(e). So even if there are two in common, there are
10 two that are not. So that's a different entity.

11 THE COURT: Statute 103, is it in the
12 alternative or instead of and commonly assigned?

13 MS. STOLL-DeBELL: I'm not sure. Are we
14 talking about Section 103?

15 THE COURT: Listen. I don't have the
16 statutes in front of me.

17 MS. STOLL-DeBELL: I do.

18 THE COURT: Let me have them.

19 MS. STOLL-DeBELL: Okay.

20 THE COURT: Subsection (c)(1) says, Subject
21 matter developed by another person qualifies as prior
22 art only under one or more of subsections (e), (f) and
23 (g) of Section 102, shall not preclude patentability
24 under this section where the subject matter and the
25 claimed invention were at the time the claimed

1 invention was claimed owned by the same person or
2 subject to an obligation of assignment to the same
3 person.

4 So your first argument was that they can't
5 meet the owned by the same person requirement because
6 there are four inventors of the '683 and two inventors
7 of the '989, right?

8 MS. STOLL-DeBELL: Well, my argument is that
9 they were commonly assigned, but they are different
10 persons under 103 and 102(e).

11 THE COURT: Wait a minute. Let's just stop.
12 Are you contending that they cannot meet -- the '683
13 and the '989 do not meet the owned by the same person
14 requirement of Section (c)(1) because there were two
15 inventors for the '989 and four inventors for the '683
16 or I guess it's the '172, 1, is what it is. The '172,
17 1, and they have to be a virtual identity, and the
18 fact there are two additional inventors to the '172,
19 1, keeps these patents from qualifying under at the
20 owned by same person rule. Are you contending that,
21 first?

22 MS. STOLL-DeBELL: No, I'm contending they
23 don't meet the developed by another person part of
24 that. I do --

25 THE COURT: It doesn't say anything about

1 developed by another person. It says owned.

2 MS. STOLL-DeBELL: You're reading 103(c)(1)?

3 THE COURT: It says owned by the same person.

4 MS. STOLL-DeBELL: It says subject matter
5 developed by another person. They were developed by
6 another person. They were owned. And I think my
7 argument with 103(c)(1), I admit they were owned by
8 the same person, and that's not my argument. My
9 argument is the word "only." If the prior art
10 qualifies only under one or more subsections (e), (f)
11 and (g). And so this subsection (c)(1) doesn't apply
12 because RIMS doesn't qualify as prior art only under
13 102(e).

14 THE COURT: What does it apply under?

15 MS. STOLL-DeBELL: It also qualifies as prior
16 art under subsections 102(a) known and used before the
17 invention date. And Section 102(b) on sale or
18 publicly used more than one year before the filing
19 date. Therefore, it's not prior art only under
20 Section 102(e). And Section 103(c)(1) does not apply
21 in this case.

22 THE COURT: That's the whole thing?

23 MS. STOLL-DeBELL: Yes, Your Honor, and I'm
24 sorry. I mean, I think it gets a little complicated
25 getting into these patent statutes, but that's my

1 argument. This doesn't apply because it's not prior
2 art only under 102(e).

3 THE COURT: If I find that it's not prior art
4 under 102(a) and (b), then there's no issue here at
5 all anyway.

6 MS. STOLL-DeBELL: Well, I think --

7 THE COURT: Do you contend that it's prior
8 art under (e), (f) and (g), in other words?

9 MS. STOLL-DeBELL: The '989 patent is prior
10 art under Section 102(e).

11 THE COURT: (e)?

12 MS. STOLL-DeBELL: (e).

13 THE COURT: So if I find that it's not prior
14 art as a matter of law under 102(a) or (b) because the
15 predicates for those are not proven, that a jury
16 couldn't find by clear and convincing evidence that
17 the predicate hasn't been proven, then I have to look
18 at it under (c)(1) anyway because you contend that the
19 '989 is prior art under (e)?

20 MS. STOLL-DeBELL: Yes, that's correct except
21 that I have another argument why this shouldn't apply
22 in this case.

23 THE COURT: We're not going to hear that
24 right now. We're going to finish this one and get
25 intellectually straight on it. Then we can hear the

1 others.

2 Now, I've framed the issue. So the next
3 issue is 102(a). Why have you clearly and
4 convincingly shown that the '989 is prior art under --
5 why could a reasonable injury find under the clear and
6 convincing evidence standard that the '989 qualifies
7 under 102(a)?

8 MS. STOLL-DeBELL: Well, I think, Your Honor
9 for, 102(a) and 102(b), I think the analysis is the
10 same for both of those.

11 THE COURT: What is it?

12 MS. STOLL-DeBELL: For one thing, we looked
13 at the trademark application that was filed for RIMS,
14 and it said -- and they had a declaration under oath
15 that RIMS was being used in commerce, and you have to
16 do that to get a trademark application. That they are
17 using the RIMS trademark on the RIMS system in
18 interstate commerce. They are out there selling it.

19 THE COURT: What date was that?

20 MS. STOLL-DeBELL: I think it was -- I think
21 the application was filed in -- it alleges use of
22 August of '92. When you file a trademark application,
23 Your Honor, you have to tell the Trademark Office when
24 you're using it. Because you don't get trademark
25 rights unless you're actually out there using it.

1 That's the whole point of the trademark. That you're
2 using it in the public and your building brand
3 recognition.

4 THE COURT: Using it in the public or using
5 it?

6 MS. STOLL-DeBELL: Both.

7 THE COURT: It's being commercially used, for
8 example. RIMS is being commercially used without any
9 question by Lawson by that time. Some version of
10 RIMS, right? I mean, by Fisher.

11 MS. STOLL-DeBELL: Absolutely.

12 THE COURT: But we don't know which version.
13 We just know that some version was being used.

14 MS. STOLL-DeBELL: We know that they
15 submitted that RIMS brochure with the Trademark
16 Office, and it was date stamped by the Trademark
17 Office August of '93.

18 We know that the lawyer for Fisher signed a
19 declaration with the Trademark Office saying I swear
20 that we are out there commercially using this brand,
21 RIMS, for this product as shown in this brochure at
22 least as early as '92.

23 So that's public. They were out there using
24 it. Otherwise, they couldn't get a trademark
25 application. So we have that evidence. We have the

1 inventors talking about their use. We have them going
2 and --

3 THE COURT: There isn't any question Fisher
4 was using it commercially. That's how they made their
5 money.

6 MS. STOLL-DeBELL: That's right.

7 THE COURT: But that's not publicly. That's
8 private.

9 MS. STOLL-DeBELL: I don't think so. When
10 you file a trademark application, you say, I'm out
11 there using it in interstate commerce.

12 THE COURT: The use is private. They are
13 using it commercially, but they're not selling it to
14 other people to use, are they?

15 MS. STOLL-DeBELL: Your Honor, that's what
16 use in commerce is, to get a trademark application.

17 THE COURT: Ms. Stoll-DeBell, I'm talking
18 about what Fisher said they did with it. As I
19 understand it, the Fisher system was used by the
20 Fisher people and a customer service representative
21 either on-site of the customer or on-site at Fisher.
22 Isn't that the evidence?

23 MS. STOLL-DeBELL: Well, no, I don't think
24 so.

25 THE COURT: Where was it used other than

1 that?

2 MS. STOLL-DeBELL: Well, I think they are out
3 their using it with customers. They are using it in
4 their business.

5 THE COURT: I'm using it. You and I have an
6 arrangement. I come to your place and I use it.

7 MR. ROBERTSON: Your Honor, I don't like to
8 lead you into error. But let me just suggest
9 something. We would not argue that a RIMS system,
10 some RIMS system, was in public use, but the real
11 question is what RIMS system was in public use at the
12 time. So the public use issue, I just want to put
13 this aside because I don't want Your Honor to waste
14 time on that. We'll be addressing that.

15 MS. STOLL-DeBELL: I think that issue,
16 there's plenty of facts to send to the jury on that.
17 You had testimony from the three different inventors.
18 You had the time line there. You had the RIMS
19 brochure they filed with the Trademark Office, Your
20 Honor.

21 If you're secretly using something, you don't
22 go file a federal trademark application for it.

23 THE COURT: What they are using, he said --

24 MS. STOLL-DeBELL: I think the --

25 THE COURT: Is there any proof about what

1 they were using when in this case?

2 MS. STOLL-DeBELL: Yes, I think there is. I
3 think we saw that the time line.

4 THE COURT: You-all just used the term
5 "RIMS." And you-all just kept talking about RIMS, but
6 nowhere did you ever that I can recall specify what
7 the RIMS system was that was in use at any particular
8 time, and the evidence is that the RIMS system was
9 modified over time, from the time it was patented on,
10 and it never -- and there isn't any dispute that it
11 was up until 1994, and then when they began that
12 project with IBM, they even did more modifications.

13 The evidence -- let's just take the evidence
14 up until 1994 because I don't think the evidence after
15 1994 addresses itself to the point you're making, does
16 it?

17 MS. STOLL-DeBELL: No.

18 THE COURT: What was the date of this
19 application?

20 MS. STOLL-DeBELL: August of '94. I agree
21 with that. What happened after August of '94 is not
22 relevant.

23 THE COURT: Is there any evidence that you
24 know of that the RIMS system was not being modified
25 constantly from the time up until 1994? I thought all

1 the evidence showed that it was.

2 MS. STOLL-DeBELL: Your Honor, maybe it was
3 modified, but we have to look at what do these claims
4 call for. The claims call for catalogs. They call
5 for searching catalogs. Selecting catalogs to search
6 a requisition and purchase order. Okay. In the
7 simplest claim. So whether the interface was modified
8 and there was graphical user interface, all of these
9 things they talked about, how fast it searched, none
10 of that matters to what is claimed.

11 And if you go look at that RIMS brochure
12 which has a date of at least as early as 1993, it has
13 all of those things. It says it had catalogs. It
14 said it applied to multiple different vendor. It said
15 you could search. It said it built requisitions. It
16 said it built multiple purchase orders.

17 So all this other stuff that we heard
18 evidence on is not relevant. All we have to show is
19 were the claimed elements present in RIMS before
20 August of 1994. And there is absolutely evidence of
21 that. There's evidence in the RIMS brochure alone.
22 There's evidence in the time line that Mr. McDonald
23 put up with -- I think it was Mr. Momyer. Sorry. Mr.
24 Kinross. I think I was out of the court that day,
25 Your Honor, working on Dr. Shamos' slides. But

1 there's plenty of evidence for these fundamental
2 features and these claims.

3 These claims are very broad and they are at a
4 very high level. They don't say searching at a
5 specific speed. They don't talk about something about
6 some footer bar. None of that is in the claims. And
7 it doesn't matter.

8 THE COURT: Okay.

9 MS. STOLL-DeBELL: Now, the other thing I
10 wanted to address quickly is I think Ms. Albert
11 said -- well, we're going back to the 103(c) issue and
12 whether you can use it in combination. That should be
13 precluded in this case under Rule 37. That was not a
14 theory disclosed in ePlus' contention interrogatories.

15 We served them with interrogatories asking
16 they specify their contentions to rebut our invalidity
17 contentions, and they gave it to us. They
18 supplemented it. It's 20 pages long. Never did they
19 say that you can't use RIMS in combination with TV/2
20 because of Section 103(c)(1), and it's too late to do
21 it now, Your Honor.

22 In the original injury instructions that we
23 submitted in this case, and I believe there were a
24 couple of sets, we went back and forth for weeks,
25 meet-and-confer, we had phone calls, we exchanged

1 drafts, red line objections. It wasn't in there, Your
2 Honor. They didn't rely on Section 103(c)(1). They
3 didn't say you can't use RIMS in combination with TV/2
4 for the '172 patent. And they should not be able to
5 do so now. They should have put it in their
6 interrogatories responses. They should have -- I
7 mean, even had they put it in the jury instructions,
8 it was too late. They needed to do it in response to
9 interrogatories during discovery.

10 THE COURT: All right. Thank you.

11 MS. STOLL-DeBELL: We've been precluded from
12 a number of things for not having it in our
13 interrogatories, and they need to live by the same
14 rules that we have lived by.

15 THE COURT: I agree with that.

16 MS. STOLL-DeBELL: The last issue I wanted to
17 address -- sorry, Rachel -- is I think Ms. Albert said
18 that she doesn't think that the RIMS patent qualifies
19 as prior art under Section 102(e) because two
20 inventors are in common. That's not law, Your Honor.
21 If there's any difference in the inventors at all,
22 even if two are in common, if one is different, it's a
23 different inventive entity under Section 102(e), and I
24 have a cite for that.

25 THE COURT: What is that cite?

1 MS. STOLL-DeBELL: I lost it now. It's
2 Manual of Patent Examining Procedure, Section 2136.04.

3 THE COURT: What?

4 MS. STOLL-DeBELL: 2136.04. And I'll get a
5 copy of that over. I assume we're going to take a
6 break now. I'll get a copy for everybody for that.
7 But it's very clear in patent law, 102(e) has to be
8 identical. Every inventor has to be identical.

9 THE COURT: Identical.

10 MS. STOLL-DeBELL: Identical. Any
11 difference, different inventive entity under Section
12 102(e). Black letter patent law, Your Honor. Thank
13 you.

14 THE COURT: Okay. I want to hear the other
15 side of this. Excuse me.

16 MS. HUGHEY: I was going to ask if that's
17 what you wanted.

18 THE COURT: Thank you. I didn't mean to be
19 rude.

20 MS. ALBERT: Can I make just a few points I'd
21 like to address?

22 THE COURT: Yes. Come on. That's what I was
23 trying to accomplish before we all die of hunger.

24 MS. ALBERT: All right. First of all.

25 THE COURT: Let's take the 102(e) identical

1 argument.

2 MS. ALBERT: With respect to 102(e), I would
3 concede, Your Honor, that there is some split in the
4 cases that have analyzed that section.

5 THE COURT: What about the Federal Circuit?
6 Is there a split there, too?

7 MS. STOLL-DeBELL: Your Honor, I actually
8 have a copy.

9 THE COURT: Give it to her and give it to me.
10 Or is that another one of these rare documents that
11 has only one copy?

12 MS. ALBERT: I do have a Federal Circuit case
13 to cite, *Riverwood International Corporation v. Jones*
14 *and Company*, 324 F.3d 1346.

15 THE COURT: 324 F.3d. --

16 MS. ALBERT: 1346.

17 THE COURT: What does that hold?

18 MS. ALBERT: Well, in that case, the Federal
19 Circuit vacated the holding of invalidity by the
20 District Court based on the fact that the invalidating
21 prior art was not an invention by another under
22 Section 102(e), and in that case there were
23 differences between the inventive entities with
24 respect to the prior art and the patent-in-suit. And
25 the Court held that what is significant is whether the

1 portions of the reference relied on as prior art and
2 the subject matter of the claims in question represent
3 the work of a common inventive entity.

4 THE COURT: So you measure commonality by
5 measuring the inventors of the '989 patent, RIMS, with
6 the '172 patent part that deals with RIMS?

7 MS. ALBERT: Right. Correct. And I can --

8 THE COURT: Is that what you're saying?

9 MS. ALBERT: Yes. I have a copy of that
10 decision.

11 THE COURT: I had a case one time where the
12 issue was whether there was a shred day. I'm about
13 ready to need a shred day up here.

14 Does that take care of that issue?

15 MS. ALBERT: Well, with respect to the
16 question that Ms. Stoll-DeBell just raised about not
17 putting them on notice of this Section 103
18 contention --

19 THE COURT: We're going back do that now.

20 MS. ALBERT: We do have in the final pretrial
21 order, paragraph 67, we ePlus set forth its triable
22 issue that the '989 patent at the time the '172
23 application was filed was owned by the same person as
24 the owner of the rights to the '172 patent
25 application, Fisher-Scientific. Accordingly, the '989

1 patent cannot be used as part of a combination to
2 invalidate Claim One 1 of the '172 patent under
3 Section 103.

4 THE COURT: Well, let's go back to the
5 beginning. Did you ever supplement your interrogatory
6 answers other than by what we put in the triable
7 issues section?

8 MS. ALBERT: I'm not sure about the
9 interrogatories, but, Your Honor, as a matter of law
10 under the statute --

11 THE COURT: Under what statute?

12 MS. ALBERT: Section 103(c) of the '989
13 patent cannot be used as part of a combination to
14 invalidate the claims of the '172 patent. Of course,
15 we didn't tender a jury instruction on it because it
16 is a pure question of law. So, therefore, it's not a
17 question appropriate for the jury.

18 Now, with respect to this argument about the
19 common inventive entity, Section 103(c) is written in
20 the alternative. So the question is we're not
21 necessarily relying on the common inventive entity
22 prong of that statute. We're saying simply because
23 the invention of the '989 patent and the invention of
24 the '172 patent were commonly assigned at the relevant
25 time, that is sufficient to find that the '989 patent

1 cannot be asserted as part of a prior art combination
2 under Section 103.

3 THE COURT: Well, now, she says that you
4 can't even rely on Section (c)(1) because (a) even if
5 you win under the developed by another person rule
6 under *Riverwood*, that the subject matter does not
7 qualify as prior art only under 102(e), (f) and (g).
8 That it qualifies under 102(a) and (b) as well.

9 MS. ALBERT: The '989 patent was not public
10 until 1998, therefore the only section of 102 that
11 applies to the '989 patent is Section 102(e). That's
12 the only section that's relevant under the statute.
13 And Lawson itself in its triable issues contends that
14 the '989 patent -- this is at paragraph 30. The '989
15 patent is prior art to the patents-in-suit at least
16 under 35 U.S. Code Section 102(e).

17 And there is no evidence. There's an absence
18 of evidence that there was any system in public use
19 having all of the features that were described in the
20 '989 patent. There is no evidence. They brought
21 forth no system out there in the public domain prior
22 to 1994 that had all of the features stated in the
23 '989 patent.

24 THE COURT: Okay.

25 MS. ALBERT: As far as the evidence put on by

1 their expert, the only prior art relied upon by Dr.
2 Shamos was the '989 patent. Dr. Shamos did not put
3 forth any obviousness allegations with respect to any
4 other prior art other than the '989 patent. He didn't
5 contend that the RIMS brochure could be applied and
6 you could find each and every element of the claim
7 simply by virtue of the RIMS brochure. There is no
8 evidence of that.

9 So you know the '989 patent in and of itself
10 only qualifies as prior art under Section 102(e) if at
11 all. And, therefore, under Section 103(c)(1) because
12 it was commonly assigned at the relevant time with the
13 assignee of the '172 patent, it cannot be applied in a
14 Section 103 combination to invalidate the '172 patent.

15 Going back to the issues raised by
16 Mr. Schultz, he raised --

17 THE COURT: Wait a minute. I just need to
18 get something organized here. Okay. I need to have
19 this information. I got it.

20 MS. ALBERT: Going back to the issue raised
21 by Mr. Schultz --

22 THE COURT: All of this that we've been
23 discussing so far in your presentation relates only to
24 the '172 Claim, One.

25 MS. ALBERT: The 103(c), that relates only to

1 the Claim One of the '172 patent.

2 THE COURT: Okay.

3 MS. ALBERT: With respect to the issue raised
4 by Mr. Schultz concerning disclosure of the '989
5 patent in this specification.

6 THE COURT: Those regulations seem to say
7 what he says, don't they?

8 MS. ALBERT: Well, the information disclosure
9 statement and the format of an information disclosure
10 statement is irrelevant. It's a red herring. Our
11 point is that under the case law and under the Manual
12 of Patent Examining Procedure, it's fully acceptable
13 to disclose a prior art reference by virtue of citing
14 it in the patent specification itself.

15 I would agree with Mr. Schultz that --

16 THE COURT: This doesn't fit the bill -- if
17 you were offering it under an information disclosure
18 statement, it wouldn't fly, right?

19 MS. ALBERT: I would agree with Mr. Schultz
20 that if we were contending that the information
21 disclosure statement requirement was satisfied by
22 virtue of citing the patent in the specification, that
23 would not meet the required format for an information
24 disclosure statement.

25 THE COURT: So your point here is that the

1 section on which he relied relates only to the
2 information disclosure section, and that the prior law
3 governs because you're not proceeding in that fashion,
4 right?

5 MS. ALBERT: That's correct. We're saying
6 that it's fully acceptable to disclose a prior art
7 reference by virtue of citing it in the patent
8 specification itself, and the examiner is required to
9 consider it if it's cited anywhere in the patent
10 specification.

11 THE COURT: All right.

12 MS. ALBERT: Thank you.

13 THE COURT: Mr. Schultz, I believe this is
14 your motion on this point. You have the last right --
15 I hope that's not what we have is the last rites. You
16 have the right of last reply. Although let's make
17 this the last rite on this issue.

18 How about that?

19 MR. SCHULTZ: Sure.

20 THE COURT: She says, and it looks to me like
21 she's correct, in looking at the regulation you gave
22 me, the whole topic is information disclosure
23 statement, and throughout it in places even where you
24 didn't highlight it there's a lot of discussion that
25 what we're talking about is information disclosure

1 statement. She's not relying on the information
2 disclosure statement. She agrees that if they were
3 relying on that, you would win. But you don't, and
4 the prior law allows what's considered anywhere in the
5 patent.

6 Why isn't that right?

7 MR. SCHULTZ: Two things, Your Honor. In
8 1992, the patent law changed the way that the prior
9 art references were designed to be considered. In
10 other words, for a prior art reference to actually be
11 considered by the patent examiner, it had to --

12 THE COURT: Where does your authority say
13 that?

14 MR. SCHULTZ: It's in 609.

15 THE COURT: No, it isn't.

16 MR. SCHULTZ: It's also in the CFR. CFR
17 Sections 1.97 and 1.98.

18 THE COURT: Is it in what you gave me?

19 MR. SCHULTZ: It references those sections,
20 Your Honor.

21 THE COURT: But you didn't give that to me.
22 I can't be charged with dealing with these arguments
23 that you have by sections you don't give me because I
24 have to read them. Now, what you gave me deals only
25 with the disclosure statement. And now you're saying

1 there's some other provision of law. Where is the law
2 that you're talking about, Mr. Schultz? I don't have
3 it and I need to read it.

4 MR. SCHULTZ: You don't have that, Your
5 Honor. I did not submit that to you.

6 THE COURT: Then I'm not going to consider
7 it. I have to bring an end to this somewhere.

8 MR. SCHULTZ: Your Honor, the other issue
9 with respect to this whole thing --

10 THE COURT: Besides that, it's silly. It's
11 utterly silly to suggest -- I mean, what is this? A
12 rule for convenience for the patent examiners? Is
13 that what this is? These people can't read for some
14 reason. They are told in spades if you can't figure
15 out that a prior art is involved with a '989, you
16 ought not have that job, for Lord's sake. It's not
17 mentioned but 50 times in there.

18 That rule, it doesn't make any sense. So I
19 can't believe that you're uncited provision of the law
20 changes the preexisting law that I have seen on it.

21 MR. SCHULTZ: Well, two things, Your Honor.

22 THE COURT: Do you have that law that you're
23 relying on that says this changes the world? Let me
24 have it.

25 MS. STOLL-DeBELL: I don't have it here.

1 THE COURT: Why wouldn't you think that was
2 the most important thing in the argument?

3 MR. SCHULTZ: Because 609 cites to that law
4 and it describes what it is.

5 THE COURT: You know what? That an a nickel
6 will get you a Coke. I've got to see the real law.

7 MR. SCHULTZ: Section 609 further describes
8 the public policy behind having the applicant actually
9 provide a separate list as opposed to including it in
10 the specification. 600-604 in 609 of the Manual of
11 Patent Examining Procedure goes through the public
12 policy behind that.

13 THE COURT: What is the public policy? To
14 make it easier for the patent examiner so he doesn't
15 have to think?

16 MR. SCHULTZ: That is part of the public
17 policy, Your Honor.

18 THE COURT: The public policy, seems to me --
19 where does it say that in what you cited? Where does
20 it say that?

21 MR. SCHULTZ: It's on page 600-104, left
22 column, and it's highlighted.

23 THE COURT: Yeah, but it's talking about the
24 disclosure statement. You have got to come to the
25 party, Mr. Schultz. That text that you're citing

1 relates to the disclosure statement. And I understand
2 that, but that doesn't say that the prior law is
3 abrogated.

4 MR. SCHULTZ: There is no other section that
5 provides that the patent examiner just by including it
6 in the patent specification will review the law.

7 Furthermore, ePlus does not actually dispute
8 that the '989 is prior art. Why wouldn't the patent
9 examiner also think that same theory? The patent
10 examiner did not include the '989 patent.

11 THE COURT: The patent examiner actually
12 looked at all this. He actually annotated -- there's
13 evidence in the record that he even changed the
14 application to the actual issued patent. Clearly, the
15 guy or lady looked at, whoever it was.

16 I've heard enough. If you have the 608 part
17 that says what you say, I'll look at that. Otherwise,
18 I read this and it talks about the disclosure
19 statement. And I'm going on with life.

20 MR. SCHULTZ: Okay. Your Honor, I'd just
21 also say that we filed a brief --

22 THE COURT: Go get me this law that you're
23 talking about. You know, you-all file briefs at
24 midnight. I don't work 24 hours a day. If I got paid
25 what you all did, I might do it, although I didn't. I

1 only worked 18. Come one. Let's go.

2 Go get me if law and I'll look at it.

3 MR. ROBERTSON: I simply observed, Your
4 Honor, the MPEP sections that you have that they have
5 provided you and we provided you come from the same
6 edition. The 1998 version. So that section says that
7 they read the application, and if it has the prior
8 art, they must consider it. That's from the same MPEP
9 that Mr. Schultz is relying on.

10 THE COURT: And it seems to me that the basic
11 rule is you read these things together so that they
12 make sense, and one provision doesn't gut the other
13 provision, and that's a standard rule of
14 interpretation that is generally to be followed. And
15 the other thing is the rule of reason.

16 I just don't believe that just to make the
17 job easier for a patent examiner, they clearly
18 disclosed information that is clearly considered by a
19 patent examiner can't be taken into account in
20 assessing things. That would make the Patent Office
21 exercise almost absurd. And we can't construe
22 regulations as absurd. We just can't do that.

23 MR. McDONALD: Your Honor, I'd also note for
24 the record, I know the reexams aren't before the jury,
25 but the Patent Office on reexam for each of the three

1 patents specifically said that this '989 patent
2 presented a substantial new question of patentability
3 because it wasn't a fact not considered.

4 I do think it's very unfair to do anything
5 that would portray to the jury that the Patent Office
6 must have considered it. I know the reexam isn't
7 coming in, but when it's actually directly contrary to
8 the Patent Office's findings, and we agreed back at
9 the motions in limine, I just think that would be very
10 unfair.

11 THE COURT: You know, you can deal with the
12 reexamination procedure in whatever way you want to in
13 the instructions, but that's not before me now.

14 MS. HUGHEY: Your Honor, I don't want to beat
15 a dead horse, but can I have one moment to wrap up
16 before we close this?

17 MS. STOLL-DeBELL: I have one short thing.

18 The 102(e) issue that Ms. Albert raised with
19 that *Riverwood* case, I wanted to explain -- and I
20 actually -- I want to explain what's going on with
21 that, Your Honor.

22 Each claim may have different inventors. And
23 so you have the inventors on a patent, and it would be
24 all the inventors that may apply to all the claims.
25 But you do look at inventorship on a claim by claim

1 basis. So it's possible you may look at one of the
2 asserted claims in this case, and maybe only two of
3 the inventors invented that particular claimed
4 invention.

5 And so I think that's what that case is
6 talking about is, you know, you have to look at it
7 claim by claim. But for 102(e) claim by claim it has
8 to be identical. Even if two are in common, you have
9 two more, that's not the same inventive entity for
10 Section 102(e).

11 And in this case, we have no idea which of
12 the four inventors invented which portions of which
13 asserted claims. There's no evidence in this case of
14 that. And so the exception --

15 THE COURT: Momyer and Kinross both said that
16 Momyer focused on the RIMS part of it. He said that
17 was his job. In fact, Mr. Kinross in dealing with the
18 line item, or what do you call it, the time line, said
19 he didn't really have anything to do with the RIMS
20 part of it, that we really have to ask Mr. Momyer what
21 all that meant.

22 Momyer was one of the inventors on the '989,
23 wasn't he?

24 MS. STOLL-DeBELL: Right. So you would have
25 to say --

1 THE COURT: Was it Kinross and Momyer?

2 MS. STOLL-DeBELL: No, I think it was Momyer
3 and Johnson that were on the '989. Then you had Mr.
4 Kinross added to the patents-in-suit, and someone else
5 whose name escapes me.

6 THE COURT: Melly.

7 MS. STOLL-DeBELL: So for 102(e) to not apply
8 this case, they would have to show that it was only
9 Momyer and Johnson that invented all of the asserted
10 claims in this case, and I think to the extent there
11 is any testimony on this at all, Mr. Kinross was
12 involved.

13 And the addition of Mr. Kinross makes it a
14 different inventive entity for 102(e), and so
15 therefore we can use that in this case.

16 THE COURT: All right. Okay.

17 MS. STOLL-DeBELL: Thank you.

18 THE COURT: I understand your argument.

19 MS. STOLL-DeBELL: Thank you.

20 MS. HUGHEY: Very briefly, Your Honor, just
21 to address some of the issues that Ms. Albert raised
22 with respect to the judgment as a matter of law issue.

23 She's seeking judgment as a matter of law of
24 no written description, enablement, claims that aren't
25 in the case anymore. And the Court has -- I think you

1 recognized when I wanted to move for judgment as a
2 matter of law on unasserted claims that might not
3 cover certain products, you said, If it's not in
4 dispute, if they aren't contending it, there's no
5 judgment as a matter of law.

6 That's the same exact thing here. There are
7 lots of defenses that Lawson could have raised but did
8 not.

9 THE COURT: The difference, I think here,
10 is -- I'm trying to recall that point. The difference
11 is that here you actually went into the trial pursuant
12 to the final pretrial order on these issues, and they
13 were issues as to which you had the burden of proof,
14 and you had to offer evidence on, and if you didn't,
15 you lose as a matter of law because you didn't offer
16 any proof on them, not because they were abandoned
17 before the case went to the jury.

18 I have to tell you, I don't remember what
19 you're talking about. Can you help me a little bit
20 more?

21 MS. HUGHEY: Yes, Your Honor. So ePlus has
22 accused the (unintelligible).

23 THE COURT: What?

24 MS. HUGHEY: The products. The EDI. The
25 five accused systems of infringing. And the pretrial

1 order, it was all systems accused of infringing, all
2 claims.

3 When Dr. Weaver was on the stand, he was very
4 specific; 2, 3 and 5. And so at the end, I said,
5 Well, for those, 1 and 4, that aren't accused of
6 infringing anymore even though they were through the
7 beginning of trial, and they must have been abandoned,
8 I'd like judgment as a matter of law.

9 MR. ROBERTSON: Mr. Momyer define the
10 systems. In fact, those are the only five systems
11 that are at issue here.

12 THE COURT: But that's not the argument that
13 she's making. Let her finish.

14 MR. ROBERTSON: I'm sorry.

15 MS. HUGHEY: The point is, Your Honor said
16 that, well, if they didn't assert infringement on all
17 those systems, there's no need to grant judgment as a
18 matter of law, which makes sense to me because they
19 didn't prove that they weren't --

20 THE COURT: But you're saying they came into
21 the case just like you did.

22 MS. HUGHEY: Correct.

23 THE COURT: They were asserting a theory of
24 infringement. I should have granted judgments as a
25 matter of law on those infringements.

1 MS. HUGHEY: I actually agreed with Your
2 Honor at that time that it didn't make sense.

3 THE COURT: I know that if you were wrong and
4 I was wrong, we ought to straighten it out.

5 MS. HUGHEY: Yes, that's right. I suppose
6 the point is, Your Honor, I don't believe that ePlus
7 is entitled to judgment as a matter of law on written
8 description or enablement because those aren't defense
9 that we even raised at trial; however, if it's Your
10 Honor's position that a defense that was at some point
11 in the case and not dropped before trial can then have
12 a judgment as a matter of law granted against it, then
13 the same should apply to Lawson and we're entitled to
14 judgment as a matter of law on all those other claims.

15 THE COURT: I think you're right about that.

16 MS. HUGHEY: Okay. To make that record
17 clear.

18 The second point, Ms. Albert raised the 112,
19 paragraph 6, and paragraph 2 on 101, issues of law.
20 The enablement issue of law and statutory subject
21 matter issue of law.

22 I agree with Ms. Albert. That's an issue for
23 the Court to decide. Lawson moved for summary
24 judgment on those pure issues of law.

25 THE COURT: And I denied it.

1 MS. HUGHEY: That summary judgment was
2 denied. It's my understanding that that issue is now
3 preserved for appeal and that Your Honor doesn't have
4 to rerule on it, but just to make the record clear,
5 Lawson again moves for judgment as a matter of law on
6 the 112, paragraph 6, and 101 claims.

7 THE COURT: How can you do that?

8 MS. HUGHEY: Your Honor --

9 THE COURT: You didn't try them.

10 MS. HUGHEY: We did not try them.

11 THE COURT: You relied for better or for
12 worse on the summary judgment decision.

13 MS. HUGHEY: Correct.

14 THE COURT: And your appeal point is that the
15 Court erred in failing to grant summary judgment.

16 MS. HUGHEY: Correct, Your Honor.

17 THE COURT: That's where the matter stays.
18 There's no judgment to be obtained on that at this
19 juncture, I don't think.

20 Now that was with respect to what issue?

21 MS. HUGHEY: 112, paragraph 2 and 6,
22 enablement issue, and the 101 statutory subject matter
23 issue.

24 THE COURT: You mean the patentability issue?

25 MS. HUGHEY: Correct, Your Honor.

1 THE COURT: 112, six and what?

2 MS. HUGHEY: Paragraph 2 and paragraph 6.

3 THE COURT: And 2 is indefiniteness, right?

4 MS. HUGHEY: That is indefiniteness, Your
5 Honor.

6 THE COURT: And 6 is enablement, right?

7 MS. HUGHEY: I'm sorry, Your Honor. The 112,
8 paragraph 2, is --

9 THE COURT: You-all quit using patent terms.
10 I don't have the statutes up here, and I don't have
11 them committed to memory like you-all do. And I have
12 so much else going on up here, that I need to know
13 what you're talking about. I use the short form
14 references to trigger my memory.

15 MS. HUGHEY: I'm sorry, Your Honor. I'm just
16 trying to make sure I'm very clear. 112, paragraph 2
17 and paragraph 6.

18 THE COURT: Let's take 112, paragraph 2.
19 What are you talking about? What is that one?

20 MS. HUGHEY: Indefiniteness. I'm sorry, Your
21 Honor. I was having a moment. 112, paragraph 2 is
22 indefiniteness.

23 THE COURT: And six is what?

24 MS. HUGHEY: Also indefiniteness. They go
25 together.

1 THE COURT: All right. And those have
2 already been decided in the motion for summary
3 judgment, right?

4 MS. HUGHEY: Correct.

5 THE COURT: So I don't need to address those.

6 MS. HUGHEY: That's any understanding.

7 THE COURT: And then the 101 is the issue of
8 patentability, which is the subject matter or, i.e.,
9 the Bilski issue, and I erred as a matter of law in
10 failing to grant the summary judgment on that, right?

11 MS. HUGHEY: Correct.

12 THE COURT: And that's where it lies because
13 it never came into trial one way or the other?

14 MS. HUGHEY: Correct.

15 THE COURT: I don't need to deal with that
16 either.

17 MS. HUGHEY: Okay. And I think the issues
18 have been fully raised, but just for the record I
19 disagree with Ms. Albert. Dr. Shamos explained every
20 element.

21 THE COURT: You disagree with Ms. Albert on
22 general principles on everything she said.

23 MS. HUGHEY: Correct, Your Honor.

24 If you have any questions, I'm happy to
25 answer them.

1 THE COURT: Thank you. I don't.

2 All right. I've got an injunction, and it's
3 a sealed hearing, so you can't come in, at 2 o'clock.
4 It shouldn't take half an hour. And I'll see you-all
5 at about 2:30 for instructions.

6 MR. ROBERTSON: Your Honor, could I just --

7 THE COURT: The court reporter may kill you
8 or me, I'm not sure. I'm going to send her to you
9 first.

10 MR. ROBERTSON: Just one thing to tell the
11 Court. EPlus withdraws its claim for willful
12 infringement.

13 THE COURT: Then it's taken care of. Thank
14 you. We'll be in recess.

15 (Luncheon recess taken.)
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